# Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY ATHENS

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY BERN

AMEMBASSY STOCKHOLM

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY MADRID

AMEMBASSY ANKARA
AMEMBASSY WELLINGTON

AMEMBASSY OSLO

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USOECD

E.O. 11652: N/A

TAGS: ENRG, IEA

SUBJECT: ENERGY: IEA/SLT MEETING OF SEPTEMBER 8-9

#### 1) SUMMARY

THE STANDING GROUP ON LONG-TERM COOPERATION (SLT) OF THE INTERNATIONAL ENERGY AGENCY (IEA) HELD A MEETING ON SEPTEMBER 8-9, 1977. AGENDA ITEMS DISCUSSED INCLUDED PREPARATIONS FOR THE 1977 REVIEW, REPORT ON THE ENERGY PROGRAM OF LUXEMBOURG, ESTABLISHING A FRAMEWORK FOR THE ASSESSMENT OF EQUIVALENCE OF EFFORTS DURING THE NEXT SERIES OF NATIONAL REVIEWS AND PROGRESS OF THE CONSERVATION SUBGROUP. THE SLT AGREED TO CONSIDER THE POLICY ISSUES RESULTING FROM ONGOING STUDIES ON COAL, NATURAL GAS, CONSERVATION, AND NUCLEAR AT A MEETING IN NOVEMBER.

### END SUMMARY

2) PREPARATIONS FOR THE 1977 REVIEW: ENERGY PROGRAMS OF MEMBER COUNTRIES WILL BE REVIEWED IN THREE SEPARATE TRANCHES. THE FIRST TRANCHE REVIEW WILL BE HELD ON DECEMBER 14-15-16 AT WHICH TIME THE ENERGY PROGRAMS OF THE UNITED STATES, UNITED KINDOM, DENMARK, NETHERLANDS, AND SWEDEN WILL BE EXAMINED. THE SECOND TRANCHE,

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JANUARY 16-17-18, WILL REVIEW GERMANY, TURKEY, SPAIN, IRELAND, SWITZERLAND, ITALY, AND NEW ZEALAND. THE THIRD TRANCHE, FEBRUARY 6-7-8, WILL REVIEW AUSTRIA, GREECE, CANADA, LUXEMBOURG, NORWAY, JAPAN, AND BELGIUM. DELEGATIONS WERE ASKED TO PROVIDE THE NAMES OF RAPPORTEURS FOR REGULAR REVIEWS TO THE SECRETARIAT AS SOON AS POSSIBLE. DATES FOR QUOTE IN-DEPTH END QUOTE REVIEWS WERE CONFIRMED. IN-DEPTH TEAMS CONSISTING OF IEA DELEGATES AND SECRETARIAT WILL OR HAVE VISITED THE FOLLOWING COUNTRIES: NEW ZEALAND, SEPTEMBER 5-8; JAPAN, SEPTEMBER 12-17; LUXEMBOURG, OCTOBER 12-14; AUSTRIA, NOVEMBER 14-16; CANADA, NOVEMBER 28-DECEMBER 2; NORWAY, DECEMBER 6-9; AND GREECE, JANUARY 9-11.

3) SLT DISCUSSED GENERAL PRINCIPLES RELATING TO THE REVIEW AND GENERALLY AGREED ON PRINCIPLES RELATING TO THE SIZE AND COMPOSITION OF FUTURE IN-DEPTH REVIEW TEAMS AND THE NEED TO FOCUS SLT REVIEWS ON KEY ENERGY ISSUES AND POLICIES. REGARDING REVIEW TEAMS, THE SLT AGREED COUNTRIES WOULD LIMIT THEIR REPRESENTATION TO ONE PERSON; COMPOSITION OF THE TEAMS WOULD REFLECT A BALANCE BETWEEN CONSERVATION, ACCELERATED DEVELOPMENT,

NUCLEAR AND R AND D EXPERTISE TO CORRESPOND TO THE BASIC FOCUS OF ENERGY PROGRAMS OF THE COUNTRY BEING REVIEWED; AND THE SIZE OF TEAMS WOULD BE WORKED OUT WITH THE REPRESENTATIVESOF THE COUNTRY BEING REVIEWED BEFORE COMPOSITION OF THE TEAM IS FINALIZED. TO ENSURE THAT REVIEWS FOCUSED ON KEY ISSUES, THE SLT AGREED THAT THE RAPPORTEUR AND THE SECRETARIAT, AFTER CONSULTING WITH THE COUNTRY BEING REVIEWED, WOULD IDENTIFY KEY ISSUES/QUESTIONS ON WHICH THE REVIEW SHOULD CONCENTRATE. THESE KEY ISSUES/QUESTIONS WOULD BE CIRCULATED IN ADVANCE AS PART OF THE BASE DOCUMENT AND THE COUNTRY UNDERGOING REVIEW WOULD BE EXPECTED TO ADDRESS THEM IN ITS OPENING PRESENTATION.

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4) THE SLT ALSO CONSIDERED THE HANDLING OF THE COUNTRY REPORTS. NORWAY, SWEDEN, AND CANADA DID NOT WANT THE SLT TO APPROVE FORMALLY EACH REPORT BECAUSE OF THE DIFFICULTY IN OBTAINING FULL ENDORSEMENT FOR MEMBER COUNTRY RECOMMENDATIONS AND PREFERRED THAT THE RESPONSIBILITY FOR THE REPORT REMAIN WITH THE RAPPORTEUR. NETHERLANDS, DENMARK, AND THE UNITED STATES FAVORED MORE SLT INVOLVEMENT TO GIVE GREATER STATUS TO THE COUNTRY RECOMMENDATIONS AND ENSURE CONSISTENCY, COMPLETENESS, AND QUALITY CONTROL. THE CHAIRMAN AGREED TO RETURN TO THIS MATTER AT THE NEXT MEETING AND MAKE A DECISION AT THAT TIME.

THE SECRETARIAT WILL PROVIDE PAPERS EXPLAINING THE REVIEW PROCEDURES USED BY THE EPG AND DAC OF THE OECD SO THAT THE IEA REPORTS WILL RECEIVE AT LEAST EQUAL TREATMENT.

5) REVIEW OF LUXEMBOURG. WHILE THERE ARE NO OFFICIAL OVERALL ENERGY DEMAND/SUPPLY PROJECTIONS, LUXEMBOURG EXPECTS NET OIL IMPORTS TO INCREASE FROM 1.35 MTOE IN 1975 TO 1.88 MTOE IN 1985. THIS ESTIMATE ASSUMES A GROWTH OF OIL DEMAND FROM THE IRON AND STEEL INDUSTRY OF 1.5 PERCENT ANNUALLY, OIL DEMAND INCREASE FROM OTHER INDUSTRIES AND TRANSPORT OF 3 PERCENT ANNUALLY, NATURAL GAS IMPORTS OF .5 MTOE WHICH WILL REPLACE SOME OIL CON-SUMED IN THE RESIDENTIAL SECTOR, AND THE INSTALLATION OF A NUCLEAR POWER PLANT WITH A CAPACITY OF 1.3 GW AS A JOINT VENTURE WITH THE GERMAN FIRM RWE BY 1985. RECOMMENDED SUPPLY/CONSERVATION MEASURES TO REINFORCE ENERGY PROJECTIONS INCLUDE: (1) NEED TO ESTABLISH MORE COMPREHENSIVE ENERGY DEMAND/SUPPLY PROJECTIONS ON WHICH A MORE SOUND ENERGY STRATEGY CAN BE BASED; (2) EXPEDITIOUS INTRODUCTION OF A NUCLEAR POWER PLANT UNCLASSIFIED

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AS THE MOST VIABLE MEANS OF REDUCING LUXEMBOURG'S DEPENDENCE ON IMPORTED OIL; (3) ADOPTION OF A WIDE RANGE OF CONSERVATION MEASURES; (4) DEVELOPMENT OF A FALLBACK STRATEGY INCLUDING THE POSSIBILITY OF A NEW COAL-FIRED POWER STATION; AND (5) INVESTIGATE FUEL SWITCHING POSSIBILITIES IN THE IRON AND STEEL INDUSTRY. THE LUXEMBOURG DELEGATE EXPRESSED GENERAL AGREEMENT WITH THE CONCLUSIONS REACHED IN THE REPORT IEA/SLT(77) 92. THE SLT AGREED TO FORWARD THE REPORT ON LUXEMBOURG TO THE GOVERNING BOARD TO FACILITATE PREPARATIONS FOR THE OCTOBER 5-6 MINISTERIAL MEETING. A COPY OF THE REPORT ON LUXEMBOURG HAS BEEN POUCHED TO THE EMBASSY.

## 6) EQUIVALENCE OF EFFORTS

SLT AGREED THAT FORTHCOMING REVIEW WOULD ASSESS
QUOTE ADEQUACY END QUOTE RATHER THAN QUOTE EQUIVALENCE
END QUOTE OF EFFORTS IN HELPING IEA DETERMINE PROGRESS
TOWARD THE GROUP OBJECTIVE OF REDUCING OIL IMPORTS TO
26 MMBD BY 1985. SUCH AN APPROACH WOULD IMPLY MEASURING
INDIVIDUAL COUNTRY PERFORMANCE AGAINST A SET OF OBJECTIVE
CRITERIA AND AVOIDS MUCH OF POLITICAL CONTROVERSY WHICH
WOULD BE ENTAILED BY CROSS-NATIONAL COMPARISONS UNDER
QUOTE EQUIVALENCE OF EFFORTS END QUOTE APPROACH. SLT
TENTATIVELY AGREED THAT THE 12 PRINCIPLES FOR ENERGY
POLICY, SCHEDULED TO BE ENDORSED AT OCTOBER IEA MINISTERIAL, MIGHT SERVE AS A BASIS FOR SUCH A SET OF

OBJECTIVE STANDARDS. THESE WOULD BE SUPPLEMENTED BY SPECIFIC CRITERIA ON BOTH THE DEMAND AND SUPPLY SIDE DEVELOPED BY THE CONSERVATION AND ACCELERATED DE?ELOPMENT SUBGROUPS. ON THIS BASIS, THE SLT WOULD BE ABLE TO MAKE AN OVERALL QUALITATIVE APPRAISAL OF EACH COUNTRY'S ENERGY PROGRAM. IT WAS AGREED THAT THE SLT CHAIRMAN WOULD PREPARE A PAPER OUTLINING THIS APPROACH FOR CONSIDERATION, AND HOPEFULLY APPROVAL UNCLASSIFIED

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AT THE NEXT MEETING.

CRITERIA TO HELP ASSESS ADEQUACY OF EFFORTS IDENTIFIED BY THE CONSERVATION SUBGROUP IN IEA/SLT(77) 77 WERE GENERALLY ACCEPTED BY THE SLT. SUPPLY CRITERIA ARE IN THE PROCESS OF BEING DEVELOPED BY THE ACCELERATED DEVELOPMENT SUBGROUP WHILE THE COMMITTEE ON RESEARCH

AND DEVELOPMENT WILL MAKE AN ASSESSMENT OF MEMBER COUNTRIES R AND D EFFORTS DURING ITS REVIEW OF NATIONAL R AND D PROGRAMS WHICH WILL BE COMPLETED IN JANUARY 1978. THE RESULTS OF THE R AND D ASSESSMENT WOULD 0E INCORPORATED BY THE SLT IN ITS REPORT TO THE GOVERNING BOARD.

## 7) OTHER BUSINESS

THE SLT NOTED A REPORT OF THE CONSERVATION SUBGROUP ON THE STATUS OF WORK UNDERWAY IN VARIOUS SECTORS (IEA/SLT(77) 94) AND AGREED TO ASK THE CHAIRMAN TO COMPLETE WORK IN ONE OR TWO SECTORS, IF POSSIBLE, AND PRESENT FINDINGS AND POLICY RECOMMENDATIONS TO THE SLT FOR CONSIDERATION IN NOVEMBER.

THE DRAFT REPORT ON POTENTIAL FOR INCREASED STEAM COAL UTILIZATION AMONG IEA MEMBER COUNTRIES WAS DISTRIBUTED AT THE MEETING AND WILL BE REVIEWED BY THE SLT IN NOVEMBER AFTER THE ACCELERATED DEVELOPMENT SUBGROUP HAS COMPLETED ITS WORK. THE DRAFT REPORT ON NA URAL GAS PROSPECTS IN THE IEA WAS ALSO MADE AVAILABLE TO DELEGATES. THIS REPORT WAS REFERRED TO THE ACCELERATED DEVELOPMENT SUBGROUP FOR REVIEW UPON COMPLETING THE COAL STUDY.

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8) THE NEXT SLT MEETING WILL BE HELD IN LATE OCTOBER FOR CONSIDERATION AND APPROVAL OF A GENERAL FRAMEWORK FOR ASSESSING ADEQUACY OF EFFORTS AND THE HANDLING OF FINDINGS AND RECOMMENDATIONS CONTAINED IN THE COUNTRY REPORTS. ANOTHER SLT MEETING WILL BE HELD IN NOVEMBER FOR A SUBSTANTIVE DISCUSSION OF COAL, NUCLEAR, AND CONSERVATION ISSUES RESULTING FROM ONGOING STUDIES. VANCE

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